

## **Medicaid Nursing Facility Rate Change**

Notice of Rates for July 1, 2002 through December 31, 2002

On June 14, 2002, the State of Utah, Department of Health (Department) published a request for public comment on modifications to the existing payment methodology for reimbursing nursing facilities enrolled in the Medicaid program. Three methods were detailed as possibilities, noting that the final method adopted might include a combination or modification of the methods described.

Method 1: Increase all existing rates by 12%.

Comments Received: Several comments received urged the Department to adopt this methodology. This method was seen as the simplest method. Other comments in support of this method suggested that the State should move away from cost reimbursement. Other comments suggested that with the commitment of the Department to adopt an acuity based reimbursement methodology using a resource utilization group system (RUGS) by January 1, 2003, that the other methods would create wider ranges of reimbursement and make the adjustment to RUGS more difficult for providers. Finally several comments said that since this rate change would only be in effect for six months that adopting a new system of reimbursement is unnecessary.

Response to Comments: Utah Medicaid's reimbursement methodology for nursing homes has been a blended flat rate for many years that includes components for nursing, property and other costs reported annually on the mandated facility cost profile. It has been some time since the Legislature has appropriated a significant increase to nursing home rates, so this 12% increase provides an important opportunity to respond to inequities that have developed in the current reimbursement system. Within the last three years, the nursing cost component was adjusted to more accurately reflect the reported cost in each facility. The RUGS system will be developed based on the reported nursing cost for each facility with possible adjustments for property, insurance, quality, etc. The complexity of determining the rate for each facility under either of the other two methods is not significantly different from this method; therefore the Department does not feel constrained to adopt this method due to simplicity.

Method 2: Increase all existing rates by 6% and utilize another 6% to provide for a cost rebasing or recognition.

Comments Received: The Utah Health Care Association supported this option in its comments.

Response to Comments: The Department has chosen to adopt this method as more fully described below. The property component will be adjusted to bring the maximum amount to the 75<sup>th</sup> percentile of reported costs. This component of the rate was chosen due to the long period of time that has passed since the last adjustment to property, unlike the nursing component that was recently adjusted.

Method 3: Rebase all rates according to actual cost incurred in providing care to Medicaid patients.

Comments Received: Several comments supported this method as the only method that complies with federal law.

Response to Comments: With the repeal of the Boren Amendment by Congress the federal law cited is no longer binding. Given the wide variations in reported costs and the impact that total cost rebasing would have on the range of rates to providers, the Department chooses not to adopt this method. The Department believes that adopting this method would complicate transition to RUGS on January 1, 2003.

**Rates Effective July 1, 2002 through December 31, 2002 (Note – subject to adjustment to stay within available appropriations as set by the Legislature, a spreadsheet is attached for illustration purposes but the information thereon shall not be considered binding if it varies from the description below.)**

1. The rate for each facility in effect as of June 30, 2002 will be increased by 6%.
2. From the additional 6%:
  - a. Each facility's rate will be increased by an additional 1%.
  - b. With the FY 2003 7% increase the property component of the rate will be \$11.19 per patient day. Facilities that reported property costs on the 2001 FCP in excess of \$11.19 will receive an adjustment up to the actual reported property cost with a cap of \$20.00 per patient day. Facilities qualifying for the additional property differential will have that amount added to the \$11.19 per patient day amount before adjusting their rate to the \$20.00 cap. This will bring the property component of the rate to approximately the 75<sup>th</sup> percentile.
  - c. The Department will hold the remaining available funds in reserve. Facilities that can document an undue hardship due to circumstances beyond their control that leads to higher costs and the inability to continue to operate under the revised rate, despite undertaking all reasonable efforts to achieve cost-cutting through efficiencies may petition the Department for a facility specific grant. Grants to recognize costs for the July 1, 2002 through September 30, 2002 period are due no later than August 20, 2002. A facility applying for this grant shall document costs as per the 2001 FCP, shall provide appropriate proof that costs have not changed significantly since that reporting period and document efforts to reduce costs. A similar set of grant proposals will be accepted by the Department no later than October 20, 2002 for the October 1, 2002 through December 31, 2002 period.

Date 7/31/2002

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Rod L. Betit  
Executive Director

FACILITY	FY 2001					
	PROPERTY FCP			FY 2003		
	FY 2002 RATE	ADD 7% INFLATION	FY 2002 RATE	PROPERTY PER DAY	PROPERTY RATE	DAILY RATE
Art City N&R	\$87.47	\$93.59	\$13.25	\$11.26	\$0.00	\$93.59
Aspen	\$85.66	\$91.66	\$11.19	\$11.38	\$0.19	\$91.85
Bear River	\$100.42	\$107.45	\$13.32	\$1.84	\$0.00	\$107.45
Bountiful H&R	\$96.27	\$103.01	\$11.19	\$26.29	\$8.81	\$111.82
Brigham City Nursing & Rehab	\$96.60	\$103.36	\$13.81	\$18.70	\$4.89	\$108.25
Castle Country	\$83.18	\$89.01	\$11.26	\$22.42	\$8.74	\$97.75
St. Joseph	\$99.10	\$106.04	\$11.59	\$22.84	\$8.41	\$114.45
Country View Manor	\$87.16	\$93.27	\$11.19	\$8.86	\$0.00	\$93.27
Crestview	\$98.89	\$105.81	\$12.26	\$14.01	\$1.75	\$107.56
Crestwood	\$98.66	\$105.57	\$14.13	\$5.26	\$0.00	\$105.57
Crosslands	\$100.14	\$107.15	\$12.63	\$13.69	\$1.06	\$108.21
Draper	\$99.16	\$106.10	\$12.75	\$11.86	\$0.00	\$106.10
East Lake	\$97.43	\$104.25	\$12.95	\$43.55	\$7.05	\$111.30
Emery	\$96.12	\$102.84	\$11.19	\$3.92	\$0.00	\$102.84
Evergreen	\$99.15	\$106.10	\$11.19	\$25.97	\$8.81	\$114.91
Fairview E	\$87.32	\$93.43	\$11.19	\$3.12	\$0.00	\$93.43
Fairview W	\$82.89	\$88.69	\$11.19	\$3.04	\$0.00	\$88.69
Fay Case	\$104.79	\$112.12	\$11.40	\$6.41	\$0.00	\$112.12
Federal Heights	\$98.71	\$105.62	\$11.52	\$19.80	\$8.28	\$113.90
Four Corners	\$88.86	\$95.08	\$11.52	\$1.90	\$0.00	\$95.08
Friendship	\$87.29	\$93.40	\$11.19	\$10.67	\$0.00	\$93.40
Hales	\$83.26	\$89.09	\$11.49	\$3.63	\$0.00	\$89.09
Heritage Bennion	\$103.58	\$110.83	\$12.31	\$14.48	\$2.17	\$113.00
Heritage Care Center	\$87.32	\$93.43	\$11.19	\$16.37	\$5.18	\$98.61
Heritage Eastridge	\$93.98	\$100.56	\$13.90	\$16.23	\$2.33	\$102.89
Heritage Hills	\$87.73	\$93.87	\$11.19	\$11.66	\$0.47	\$94.34
Heritage Park	\$96.33	\$103.07	\$11.19	\$15.42	\$4.23	\$107.30
Hillside	\$99.04	\$105.97	\$12.88	\$28.49	\$7.12	\$113.09
Holladay	\$99.79	\$106.78	\$12.63	\$10.14	\$0.00	\$106.78
Infinia at Granite Hills	\$96.54	\$103.30	\$14.95	\$11.58	\$0.00	\$103.30
Alpine Valley Care Center	\$86.86	\$92.95	\$12.06	\$19.34	\$7.28	\$100.23
Infinia at Hurricane	\$85.52	\$91.50	\$12.81	\$23.07	\$7.19	\$98.69
Iron	\$84.81	\$90.74	\$11.19	\$7.24	\$0.00	\$90.74
Kolob Care & Rehab	\$98.61	\$105.51	\$12.77	\$44.31	\$7.23	\$112.74
Kolob Regional	\$99.56	\$106.53	\$12.27	\$29.78	\$7.73	\$114.26
Life Care	\$97.74	\$104.59	\$12.63	\$22.92	\$7.37	\$111.96
Logan	\$91.03	\$97.41	\$12.63	\$14.00	\$1.37	\$98.77
Manor Care	\$95.82	\$102.53	\$12.78	\$15.76	\$2.98	\$105.51
Mayfield	\$86.29	\$92.33	\$11.19	\$6.22	\$0.00	\$92.33
Midtown	\$84.11	\$90.00	\$13.45	\$8.49	\$0.00	\$90.00
Millbrook	\$97.04	\$103.83	\$11.19	\$21.71	\$8.81	\$112.64
Mountain View	\$91.57	\$97.98	\$11.19	\$10.73	\$0.00	\$97.98
Mt. Ogden	\$99.11	\$106.05	\$13.86	\$18.01	\$4.15	\$110.20
Murray	\$86.50	\$92.56	\$11.31	\$14.53	\$3.22	\$95.77
Oakview	\$87.21	\$93.31	\$12.33	\$28.05	\$7.67	\$100.98
Orchard Park	\$86.25	\$92.28	\$11.19	\$21.37	\$8.81	\$101.09
Orem	\$99.67	\$106.65	\$12.51	\$13.40	\$0.89	\$107.54

Parkdale	\$86.95	\$93.04	\$11.19	\$2.86	\$0.00	\$93.04
Pine Ridge	\$89.80	\$96.09	\$11.19	\$8.91	\$0.00	\$96.09
Pioneer	\$93.01	\$99.52	\$11.19	\$10.80	\$0.00	\$99.52
Porters	\$89.59	\$95.87	\$11.19	\$8.16	\$0.00	\$95.87
Infinia at Alta	\$88.84	\$95.06	\$13.13	\$16.44	\$3.31	\$98.37
Infinia at Ogden	\$93.68	\$100.24	\$11.96	\$22.49	\$8.04	\$108.28
Red Cliffs	\$99.67	\$106.65	\$12.76	\$13.62	\$0.86	\$107.51
Richfield	\$86.44	\$92.49	\$12.04	\$10.43	\$0.00	\$92.49
RMC--Bountiful	\$101.45	\$108.55	\$14.28	\$20.70	\$5.72	\$114.27
RMC--Clearfield	\$101.86	\$109.00	\$14.35	\$15.73	\$1.38	\$110.37
RMC--Heber	\$94.60	\$101.23	\$11.19	\$8.59	\$0.00	\$101.23
RMC--West Valley	\$101.65	\$108.77	\$14.14	\$13.03	\$0.00	\$108.77
Salt Lake N&B	\$96.37	\$103.11	\$11.19	\$25.83	\$8.81	\$111.92
Sandy Regional	\$98.88	\$105.81	\$12.82	\$6.66	\$0.00	\$105.81
South Ogden	\$90.68	\$97.02	\$13.20	\$14.19	\$0.99	\$98.01
South Valley	\$88.69	\$94.90	\$12.63	\$18.48	\$5.85	\$100.75
St. George	\$99.47	\$106.44	\$11.96	\$9.79	\$0.00	\$106.44
Stewarts	\$86.15	\$92.18	\$12.86	\$9.65	\$0.00	\$92.18
Sunshine	\$98.36	\$105.25	\$11.19	\$7.12	\$0.00	\$105.25
Timp Haven	\$94.29	\$100.90	\$13.25	\$8.96	\$0.00	\$100.90
Tooele Valley	\$99.75	\$106.73	\$11.19	\$1.67	\$0.00	\$106.73
Uintah	\$99.42	\$106.38	\$12.25	\$5.27	\$0.00	\$106.38
Wasatch	\$94.86	\$101.51	\$11.19	\$15.52	\$4.33	\$105.84
Wasatch Valley	\$98.24	\$105.11	\$11.19	\$9.62	\$0.00	\$105.11
Washington Terrace	\$94.78	\$101.42	\$12.63	\$21.07	\$7.37	\$108.79
West Millard	\$98.70	\$105.61	\$11.19	\$2.49	\$0.00	\$105.61
Willowwood	\$90.26	\$96.58	\$12.14	\$15.36	\$3.22	\$99.80
Woodland	\$99.62	\$106.60	\$12.59	\$12.95	\$0.36	\$106.96
South Davis Community Care Center	\$100.32	\$107.34	\$12.80	\$20.04	\$7.20	\$114.54
Millcreek	\$83.84	\$89.71	\$12.79	\$9.77	\$0.00	\$89.71
Hobble Creek	\$83.60	\$89.45	\$11.32	\$3.65	\$0.00	\$89.45